



## PRESS RELEASE

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### **AG Gansler Announces \$90 Million "Cramming" Settlement with T-Mobile**

#### ***Refunds available for consumers improperly billed for third-party services***

**Baltimore, MD (December 19, 2014)** - Attorney General Douglas F. Gansler today announced that his Consumer Protection Division, along with the Attorneys General of the other 49 states and the District of Columbia, the Federal Trade Commission and the Federal Communications Commission, reached settlements with T-Mobile USA, Inc., resolving allegations that T-Mobile placed unauthorized charges for third-party services on consumers' mobile phone bills, also known as "cramming."

"Cell phone bills are already high enough without these unauthorized and often unwanted services," said Attorney General Gansler. "T-Mobile has agreed to provide refunds for overcharged consumers and adopt strict guidelines to ensure consumers are only billed for products or services for which they knowingly agreed to pay an additional fee."

Under the terms of the settlements, T-Mobile must provide each victim of cramming who files a claim under its Premium SMS Refund Program an opportunity for a full refund. In total, T-Mobile must pay at least \$90 million, with at least \$67.5 million paid to consumers (a portion of which may be paid by forgiving debts consumers may owe T-Mobile). T-Mobile will also pay \$18 million to the Attorneys General and \$4.5 million to the Federal Communications Commission.

Consumers who have been crammed often complain about charges - typically \$9.99 per month - for "premium" text message subscription services (also known as "Premium Short Message Services" or "PSMS") such as horoscopes, trivia, and sports scores that they never heard of or requested. The Attorneys General and federal regulators allege that cramming occurred when T-Mobile placed charges on consumers' mobile telephone bills for these services without the consumer's knowledge or consent.

T-Mobile is the second mobile telephone provider to enter into a national settlement to resolve allegations regarding cramming. In October, Attorney General Gansler announced a similar, \$105 million settlement with AT&T Mobility. T-Mobile and AT&T were among the four major mobile carriers -- Verizon and Sprint are the others - that agreed last fall to cease billing their customers for commercial PSMS charges.

Consumers can submit refund claims, find information about refund eligibility, and request a free account summary detailing PSMS purchases on their accounts by visiting <http://www.t-mobilerefund.com>. Consumers with other questions may call the Refund Administrator at 855-382-6403.

The settlement requires T-Mobile to stay out of the commercial PSMS business, the platform to which law enforcement agencies attribute the lion's share of the mobile cramming problem. T-Mobile must also take a number of steps designed to ensure that it only bills consumers for third-party charges that have been authorized, including the following:

- T-Mobile must obtain consumers' express consent before billing consumers for third-party charges, and must ensure that consumers are only charged for services if the consumer has been informed of all material terms and conditions of their payment;
- T-Mobile must give consumers an opportunity to obtain a full refund or credit if they are billed for unauthorized third-party charges;
- T-Mobile must inform its customers when they sign up for services that their mobile phone can be used to pay for third-party charges, and must inform consumers of how those third-party charges can be blocked if the consumer doesn't want to use their phone as a payment method for third-party products; and
- T-Mobile must present third-party charges in a dedicated section of consumers' mobile phone bills, must clearly distinguish them from T-Mobile charges, and must include in that same section information about the consumers' ability to block third-party charges.

Maryland was one of six states on the executive committee that helped negotiate the agreement. Attorney General Gansler thanked Consumer Protection Division Deputy Chief Philip Ziperman and Assistant Attorney General Patrick McCormally for their work on this case.